

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:988
ANSWERED ON:20.08.2007
CONTRACTUAL FARMING
Verma Shri Bhanu Pratap Singh

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has permitted contract farming for Food Processing Sector;
- (b) if so, the criteria fixed in this regard;
- (c) the policy formulated by the Government to ensure that contract farming would be restricted to food processing only;
- (d) whether the Government proposes to convert the entire farming sector into contract farming; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) to (c): Since contract farming involves sale of agricultural produce by the producer to the sponsor, it requires enabling provisions under the Agricultural Produce Marketing Committee (APMC) Laws of the concerned States. On the basis of the Model APMC Act circulated by the Central Government, several State Governments have amended their APMC Acts to include the provisions for facilitating contract farming for Food Processing Sector, as well as, for other sectors and farming contracts are not restricted to food processing only under the Government policy. To enable both farmers as well as sponsors to execute mutually beneficial contract farming agreements with clear-cut terms and conditions, a model agreement format has been suggested by the Central Government through the Model APMC Act which has been adopted and incorporated in their amended APMC Acts by most of the concerned States. The model agreement format provides for specifying the arrangements of marketing, quality specifications of the commodity, inputs and technical assistance, credit support, production management, crop delivery arrangements, duration of the contract, pricing arrangements, procedures for paying farmers and reclaiming credit advances, arrangements for insurances, provisions of indemnity to producers, dispute resolution mechanism etc. in the agreement to be executed between the producer and the sponsors.

(d): No, Sir.

(e): Question does not arise.